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To: Interior Executive Directors

From: The Honourable Steve Thomson, Minister of Forests, Lands and Natural Resource Operations

Re: Amendment No. 2 to the *Interior Appraisal Manual (IAM)*

I hereby approve Amendment No. 2 to the *IAM* and attach a copy for your use.

The following sections have been amended:

- Section 3.5.2 - A highway variable has been added to the transportation/development equation.
- Chapter 6 - The coniferous average sawlog stumpage rates have been updated in Tables 6-1, 6-2, 6-4, and 6-5.
- Section 6.7 - A new "Licences to Cut" section replaces the previous "Linear Tenures" section.

This amendment will come into force on November 1, 2013. Copies of the amendment and the amended *IAM* are available at the following link:

<http://www.for.gov.bc.ca/hva/manuals/interior.htm>

Further amendments or revisions to this manual require my approval.

Steve Thomson  
Minister

pc: Murray Stech, Director, Timber Pricing Branch  
Grant Loeb, Manager Timber Pricing, Timber Pricing Branch  
Len Marsh, Forest Revenue Manager, Thompson Okanagan Region  
Anthony Giannotti, Revenue Team Leader, Omineca Region





**MANUAL REVISION  
TRANSMITTAL**

<p>FOR FURTHER INFORMATION OR IF YOU HAVE A CHANGE OF ADDRESS, PLEASE CONTACT:</p> <p>Bob Bull Senior Timber Pricing Forester (Interior) Timber Pricing Branch Ministry of Forests, Lands and Natural Resource Operations 1<sup>st</sup> Floor, 1520 Blanshard Street Victoria, BC V8W 3K1</p> <p>Phone: 250 – 356 – 7709 Email: Bob.Bull@gov.bc.ca FAX: 250 – 387 – 8393</p>	<b>MANUAL TITLE</b>	
	<i>Interior Appraisal Manual</i>	
	<b>AMENDMENT</b> Amendment No. 2	<b>ISSUE DATE</b> November 1, 2013
	<b>MANUAL CO-ORDINATOR</b> Ashley Sasaki Publication/Administrative Co-ordinator	
<b>AUTHORIZATION</b> Murray Stech Director, Timber Pricing Branch		

Please make the following changes to your copy of the above Ministry manual.

ACTION (Remove/Insert)	(VOL.) CHAPTER-SECTION-SUBJECT TABLE OF CONTENTS	PAGE(S)	COMMENTS
Remove Insert	Table of Contents	iii-iv	After Table of Contents Tab
Remove Insert	Chapter 1	11-12	After Chapter 1 Tab
Remove Insert	Chapter 3	11-12	After Chapter 3 Tab
Remove Insert	Chapter 6	1-4 11-12 17-20	After Chapter 6 Tab
Remove Insert	Index	1-2	After Index Tab
Insert	Memorandum from Minister and Transmittal Sheet		After Amendments Tab



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### 1.5.1.1. Comparative Cruise Data

1. Except for subsection (4), if there is time to perform a full cruise, then the timber will be cruised.
2. If there is insufficient time to perform a full cruise then comparative cruise data may be utilized if:
  - a. The estimated volume is greater than 5,000 m<sup>3</sup>, and:
    - i. the area is in an approved Emergency Bark Beetle Management Area (EBBMA) as designated by the Minister and within an approved Emergency Management Unit (EMU) as designated by the beetle management coordinator and,
    - ii. the regional manager has determined that the requirement to perform a full operational cruise will delay expeditious harvesting and result in further damage.
  - b. The estimated volume is 5,000m<sup>3</sup> or less, and the district manager has determined that the requirement to perform a full operational cruise will delay expeditious harvesting and result in further damage.
3. Comparative cruise data may not be used where the submitting licensee has submitted appraisals for previous cutting authorities which utilized comparative cruise data in the appraisal and has not harvested these cutting authorities in a timely manner.
4. Notwithstanding the other subsections of this section, comparative cruise data may be used when the stumpage rate is determined under sections 6.2(6) and 6.2.1(3) of this manual.
5. The district manager may require the selection of a comparable cutting authority to be made in accordance with the procedures set out in the *Cruising Manual*.

### **1.5.2 Appraisal Data Forms**

1. Unless otherwise specified in paragraph (b) of this section, the form of ADS required by the director for:
  - a. The Market Pricing System is the Electronic Commerce Appraisal System (ECAS) which can be found at:

<http://www.for.gov.bc.ca/hva/ECAS/index.htm>

A submission in ECAS must be signed by a forest professional.

- b. Miscellaneous timber pricing is the Interior Stumpage Rate Request Form (short form). Contact the appropriate regional office for the form. The short form must be signed by a forest professional unless appraised under sections 6.1.1, 6.1.2 or 6.3.

### **1.5.3 Appraisal Map**

The appraisal map must be completed in accordance with the requirements of Appendix IV and must be submitted with the ADS in ECAS.



- b. from the junction in subparagraph (a), determine the cycle time to the nearest point over which all appraised timber on the cutting authority area must travel on the way to the POA. This will be the common junction.
  - c. weight the cycle time from the junction for each cutblock by the Total Net Cruise Volume for the cutblock to determine the average weighted cycle time to the common junction.
  - d. Determine the cycle time from the common junction to:
    - i. the point of appraisal as per section 3.5.2,
    - ii. the appraisal place of unloading,
    - iii. if the conditions under section 3.5.1.1 (3)(c) are met, then the place that would have been the point of appraisal if the timber had been harvested in the area from which the current cutting rights are transferred from.
5. Unavoidable delays are periods when the truck is on the job but not operating due to unpredictable delays such as; tightening binder chains, minor repairs made by driver, checking and adjusting brakes, minor delays prior to loading and unloading, refuelling, etc. Unavoidable delay time does not include any breakdown which requires shop repair, the services of a skilled mechanic, or a spilled load of logs. The time for load, unload and unavoidable delay is set at 75 minutes for cable yarding systems and 60 minutes for all other systems.
6. Total CT is the sum of the times calculated under subsections 4(c), 4(d) and 5.

#### 3.5.1.2 Haul Method

Cost estimates do not recognize different types of logging trucks. The estimate is based upon the possible haul method, either highway or off-highway and not specifically on the licensee's particular method.

Highway hauling is assumed when loaded logging trucks must travel in part over roads administered under the *Highway Act*, without truck-to-truck transfer, to the point of appraisal, or on roads administered under the *Industrial Roads Act* and Forest Service Roads as defined in *Forest Act* where prolonged known road restrictions prevent the use of oversize loads.

Off-highway hauling is assumed when loaded logging trucks can travel over roads administered under the *Industrial Roads Act* and Forest Service Roads as defined in *Forest Act* to the point of appraisal, or to a recognized reload. Where prolonged known restrictions (e.g., bridge load limit, narrow road, through rock cut, Regulations under the *Workers Compensation Act*, etc.) prevent the use of oversize loads, highway haul is assumed.

### 3.5.1.3 Secondary Haul

Secondary haul is when logs must be truck hauled between the dewater and reload site and the point of appraisal.

### 3.5.2 Point of Appraisal (POA)

1. The POAs that may be considered for use in the appraisal are set out in Table 3-4 unless:
  - a. five years have passed from the date that a milling facility was permanently rendered incapable of producing lumber and chips, and
  - b. it was the only milling facility associated with that POA, or
  - c. The appraisal effective date is past the expiry date for that POA indicated in Table 3-4.
2. The POA chosen for the appraisal must:
  - a. Not be excluded by the conditions in subsection 1 of this section,
  - b. Be based on transportation routes that have not been deemed unsuitable by the district manager, and
  - c. Be the POA with the lowest transportation and development cost (TRDEV) using the following calculation:

$$\text{TRDEV Cost (\$/m}^3\text{)} = [(\text{CYCLE} * 1.31 - 0.421 * \text{HWY}) * \text{CPIF}] + [(\text{SO's} + \text{DC}) * (\text{CPI}/135.8)]$$

Where:

CYCLE = the cycle time as defined in section 3.3 and measured in accordance with section 3.5.1.1 and 3.5.1.3.

HWY = as defined in section 3.3.

CPIF = as defined in section 3.3.

SO's = the sum of the transportation specified operations that apply to the transportation route from sections 3.6.1 and 3.6.2.

DC = Total Development Cost in the appraisal.

CPI = as defined in section 3.3.

3. Except as provided in Table 3-3, the selling price zone indicated in Table 3-4 for the point of appraisal determined under this section must be used in the appraisal.

# Miscellaneous Policies

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**6**

## 6.1 Coniferous Average Sawlog Stumpage Rates by Forest Zone and Species

1. a. Each of the following forest zones referred to in Tables 6-1, 6-2, 6-4 and 6-5 is made up of the following forest districts:
  - i. North Central Zone - Fort St. James, Mackenzie, Nadina, Prince George, Quesnel and Vanderhoof Forest Districts.
  - ii. North East Zone - Fort Nelson and Peace Forest Districts.
  - iii. North West Zone - Kalum and Skeena Stikine Forest Districts.
  - iv. South East Zone - Arrow Boundary, Columbia, Headwaters, Kamloops, Kootenay Lake, Okanagan Shuswap and Rocky Mountain Forest Districts.
  - v. South West Zone - 100 Mile House, Cascades, Central Cariboo and Chilcotin Forest Districts.
- b. Where a species of coniferous timber is not listed in Table 6-1, 6-2, 6-4 and 6-5, the rate that shall be used for that species of timber is the rate listed in the column headed as OTHER.

**Table 6-1 Coniferous Average Sawlog Stumpage Rates in \$/m<sup>3</sup> by Forest Zone and Species**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	W. PINE	OTHER <sup>1</sup>
North Central	11.42	-	16.26	11.80	-	10.73	14.43	-	-	13.21
North East	5.66	-	-	-	1.47	4.57	5.47	-	-	5.15
North West	5.75	2.25	-	4.02	-	8.56	5.84	-	-	6.06
South East	9.86	16.44	13.47	13.00	14.27	11.59	10.76	10.95	11.44	12.14
South West	12.33	18.54	12.78	12.39	-	15.02	12.33	-	10.85	13.47

<sup>1</sup> Average for the Forest Zone

**6.1.1 Community Forest Agreements**

1. The sawlog stumpage rate for each species of coniferous timber harvested under any cutting authority issued under a Community Forest Agreement is the rate prescribed in Table 6-2 for the forest zone in which the cutting authority area is located.
2. Sections 1.4(1)(d), sections 6.1.2 through 6.5 and section 6.7 through 6.9 of this chapter do not apply to Community Forest Agreement cutting authorities.
3. The stumpage rate determined under this section is redetermined on August 1 of each year in accordance with this section.

**6.1.2 Woodlot Licences**

1. Except as provided in subsection (2) of this section, the sawlog stumpage rate for each species of coniferous timber harvested under a cutting permit issued for a woodlot licence with an effective date after November 30, 2008 is the rate prescribed in Table 6-2 for the forest zone in which the cutting authority area is located.
2. Where a woodlot licence cutting permit has been issued with an effective date after November 30, 2008 for the purpose of using amounts from an eligible extended road amortization agreement in an appraisal, then the stumpage rate will be determined using the procedures in this manual excluding this section.
3. Except as provided in subsection (4) of this section, the sawlog stumpage rate for coniferous timber harvested under a road permit issued for a woodlot licence is the rate prescribed in Table 6-2 for the forest zone in which the timber mark applies.
4. Where a woodlot has an eligible extended road amortization agreement before December 1, 2008 the sawlog stumpage rate for a road permit with an effective date on or after December 1, 2008 is calculated using the procedures in section 6.3.
5. The sawlog stumpage rate for each species of coniferous timber harvested under a blanket salvage permit issued for a woodlot licence is the rate prescribed in Table 6-2 for the forest zone in which the blanket salvage permit applies.
6. The stumpage rate determined under subsections (1), (3) and (5) of this section is redetermined on August 1, each year in accordance with this section.
7. Except as provided in subsections (2) and (4) of this section, sections 1.4(1)(d), 6.1.1, 6.1.3 through 6.5, 6.7 and 6.8 do not apply to woodlot licences.

**Table 6-2 Community Forest Agreements and Woodlot Licences:  
Coniferous Average Sawlog Stumpage Rates in \$/m<sup>3</sup>**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	W. PINE	OTHER <sup>1</sup>
North Central	1.71	-	2.44	1.77	-	1.61	2.16	-	-	1.98
North East	0.85	-	-	-	0.25	0.69	0.82	-	-	0.77
North West	0.86	0.34	-	0.60	-	1.28	0.88	-	-	0.91
South East	1.48	2.47	2.02	1.95	2.14	1.74	1.61	1.64	1.72	1.82
South West	1.85	2.78	1.92	1.86	-	2.25	1.85	-	1.63	2.02

<sup>1</sup> Average for the Forest Zone

**6.1.3 Incidental Conifer in Deciduous Leading Stands**

1. Except as provided in section 5.1.1(5), this section applies to coniferous timber in a cutting authority area where the total estimated volume of all deciduous species to be harvested is greater than 70% of the total estimated volume of all species to be harvested.
2.
  - a. The stumpage rate for each species of coniferous timber must be determined by using the stumpage rate prescribed in Table 6-1 for the forest zone in which the cutting authority area is located.
  - b. Where the Crown is responsible for basic silviculture on the cutting authority area, the stumpage rate for each species of coniferous timber shall be the sum of the rate determined under paragraph (a) of this subsection and the silviculture levy determined under section 5.3.
3. A stumpage rate determined under subsection 2 shall be redetermined on June 1, of each year in accordance with this section.
4. Notwithstanding subsection (2) in this section, the stumpage rate may be determined through a full appraisal in accordance with chapters 1, 2, 3, 4, and 5.

## **6.4 Salvage Timber Stumpage Rates**

1. This section applies to cutting authorities issued under licences which do not have an allowable annual cut. Salvaged timber is either post harvest material or damaged timber:
2. Post Harvest Material is either:
  - a. wooden culverts and bridges, or
  - b. post logging residue.
3. Damaged Timber is timber that:
  - a. Has been blown down,
  - b. Has been damaged by fire, disease, snow press, or
  - c. Will die within one year, as determined by the district manager, as a result of the affects of the mountain pine beetle, or other forest pests.
  - d. Will be or has been used for trap trees and associated overflow trees.
4. Except as provided in section 6.2.1(1)(c)(ii), the criteria and methodology for the calculation of salvaged timber stumpage rates are:
  - a. Post harvest material may not be combined in the same cutting authority area with damaged timber.
  - b. Except where damage to adjacent or contiguous timber occurs after harvesting is completed on the adjacent primary logging cutting permit area and the harvesting equipment has been demobilized from the area, damaged timber salvage cutting authority areas must be scattered, and not be adjacent to or contiguous with an existing cutting authority area.
  - c. Except as provided in subsection (4)(d) of this section the total area of a clearcut salvage harvesting area shall not exceed 5 hectares.
  - d. Where salvage of only damaged stems through partial cutting will leave a stand that meets minimum stocking standards, the area harvested may be larger than 5 hectares.
  - e. Salvage logging stumpage rates may only be determined for a cutting authority where more than one-third of the total estimated volume of coniferous timber to be harvested in the cutting authority area is damaged timber.
  - f. Post harvest salvage may only occur after primary logging has been satisfactorily completed and residue and waste assessments have been submitted to and accepted by the Ministry.

- g. Salvage cannot occur on a road right-of-way which has an active timber mark associated with it.
- h. Except as provided in section 2.2.2, a stumpage rate determined under this section is fixed for the term of the cutting authority and all extensions.
5. Where salvaged timber is damaged timber, the sawlog stumpage rate for each species of coniferous timber shall be the rate in Table 6-4 for the Forest Zone in which the cutting authority area is located.
6. Where the salvaged timber is post harvest material, the sawlog stumpage rate for each species of coniferous timber shall be the rate in Table 6-5 for the forest zone in which the cutting authority area is located.

**Table 6-4 Coniferous Average Sawlog Stumpage Rates for Salvage of Damaged Timber by Forest Zone and Species in \$/m<sup>3</sup>**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	W. PINE	OTHER <sup>1</sup>
North Central	6.85	-	14.63	7.08	-	8.05	12.99	-	-	7.93
North East	3.40	-	-	-	1.32	3.43	4.92	-	-	3.09
North West	3.45	2.03	-	2.41	-	6.42	5.26	-	-	3.64
South East	5.92	14.80	12.12	7.80	12.84	8.69	9.68	8.21	8.58	7.28
South West	7.40	16.69	11.50	7.43	-	11.27	11.10	-	8.14	8.08

<sup>1</sup> Average for the Forest Zone

**Table 6-5 Coniferous Average Sawlog Stumpage Rates for Salvage of Post Harvest Material by Forest Zone and Species in \$/m<sup>3</sup>**

FOREST ZONE	BALSAM	CEDAR	FIR	HEMLOCK	LARCH	L. PINE	SPRUCE	Y. PINE	W. PINE	OTHER <sup>1</sup>
North Central	2.86	-	8.13	2.95	-	5.37	7.22	-	-	3.30
North East	1.42	-	-	-	0.74	2.29	2.74	-	-	1.29
North West	1.44	1.80	-	1.01	-	4.28	2.92	-	-	1.52
South East	2.47	13.15	6.74	3.25	7.14	5.80	5.38	5.48	5.72	3.04
South West	3.08	14.83	6.39	3.10	-	7.51	6.17	-	5.43	3.37

<sup>1</sup> Average for the Forest Zone



## 6.7 Licences to Cut

1. This section applies to:
  - a. Master licences to cut,
  - b. Occupant licences to cut, and
  - c. Forestry licences to cut:
    - i. Issued under section 47.6(3) of the *Act* in conjunction with a BCTS road development contract, or
    - ii. Issued for a fence line or protection of a fence line administered under the *Range Act*.
2. This section does not apply to:
  - a. Cutting authorities issued for any of the activities listed in Table 6-6 that have an area reserve stumpage rate in the following districts: Fort Nelson, Peace, Mackenzie, or Rocky Mountain; or Cassiar TSA, or
  - b. The proposed Site C reservoir and dam site, or
  - c. Projects where cruising of the timber to be harvested on any tenure listed in subsection (1) has been initiated for use in a full appraisal prior to November 1, 2013.
3. Unless otherwise directed under section 2.2.2, the stumpage rate for any tenure listed in subsection (1) issued on or after November 1, 2013, shall be the stumpage rate prescribed in Table 6-3 for the smaller of the area of the forest district, timber supply area or region in which the entire cutting authority area for the tenure is located, plus the basic silviculture cost for the forest region in which the cutting authority area is located at the time the stumpage rate is determined.
4. Where the timber felled on the cutting authority area of any tenure listed in subsection (1) will not be removed from the site the volume used for billing may be estimated using a method approved by the Regional Executive Director.
5. Except as provided under paragraph (6) of this section, the stumpage rate determined under this section will be re-determined annually on June 1<sup>st</sup>.
6. The stumpage rate determined under this section for a forestry licence to cut issued under section 47.6(3) of the *Act* is fixed for the term and all extensions.

## **6.8 Controlled Recreation Areas (CRAs)**

1. The sawlog stumpage rate for coniferous timber harvested under any cutting authority issued for a cutting authority area within a CRA is the stumpage rate approved by the director for each quarter.
2. The stumpage rate determined under subsection (1) is redetermined on the anniversary date of the cutting authority in accordance with this section.
3. Notwithstanding any other subsection in this section, the stumpage rate may be determined through a full appraisal in accordance with chapters 1, 2, 3, 4 and 5.

## 6.9 Cruise Based Stumpage Calculations

1. Pursuant to section 106 of the *Forest Act*, and subject to subsection 2 of this section, the amount of stumpage payable on Crown timber will be calculated using information provided by a cruise of the timber before it is cut where the timber is authorized for harvest:
  - a. Under a cutting authority issued or entered into prior to June 1, 2010 where:
    - i. the stumpage rate is adjustable,
    - ii. the Total Net Coniferous Volume of timber on the cutting authority area is comprised of 35% or more red and grey Mountain Pine Beetle (MPB) attacked Lodgepole pine, and
    - iii. timber harvesting has not started on the cutting authority, or,
  - b. Under a cutting authority issued or entered into on or after June 1, 2010 where:
    - i. the stumpage rate is adjustable,
    - ii. the licensee applied for a cutting permit and submitted an ADS to the district manager before June 1, 2010, and,
    - iii. the Total Net Coniferous Volume of timber on the cutting authority area is comprised of 35% or more red and grey MPB attacked Lodgepole pine, or,
  - c. Under a cutting authority issued or entered into on or after June 1, 2010 where:
    - i. the stumpage rate is adjustable,
    - ii. the licensee submitted an ADS to the district manager on or after June 1, 2010, and
    - iii. the Total Net Coniferous Volume in each cutblock within the cutting authority area is comprised of 35% or more red and grey MPB attacked Lodgepole pine, or,
  - d. Except as provided in subsection (4) of this section, under a timber sale licence with a fixed stumpage rate, which meets the criteria in paragraph (1)(c) (ii) and (iii) of this section, or a timber sale licence with a fixed stumpage rate where the executive director, BCTS has approved cruise based under section 106 of the *Act*.

2. Except as provided in subsections (3) and (4) of this section, and section 5.1.3(4), the stumpage rate effective July 1, 2010 for a cutting authority where the stumpage payable is cruise based shall be calculated as stand as a whole in accordance with the following:
  - a. the stumpage rate is determined using chapters 1, 2, 3, 4 and 5 of this manual,
  - b. the stumpage rate determined under paragraph (a) of this subsection shall apply to the net merchantable volume on the cutting authority area.
3. Except as provided in subsections (4), (5) and (6) of this section, if, after a reappraisal under section 2.2.3 of this manual:
  - a. the Total Net Coniferous Volume in each cutblock within the cutting authority area is comprised of 35% or more red and grey MPB attacked Lodgepole pine, and
  - b. timber harvesting has not yet started on the cutting authority area,

The stumpage payable may be cruise based.

4. Where a timber sale licence was entered into under section 21 of the *Act* as that section was before it was repealed that provides for cutting permits and included a bonus bid, the stumpage payable will remain scale based.
5. Where an occupant licence to cut has been issued for the purposes of removing timber for agriculture, the stumpage payable shall be scale based.
6. Where a non-replaceable forest licence (NRFL) or a forestry licence-to-cut (FLTC) was advertised on the basis of competition, and the successful bidder's bonus bid only applied to the sawlog portion of the volume advertised, the stumpage payable for cutting permits issued under these licences shall remain scale based.
7. Where the sawlog volume of a cutting authority was advertised on the basis of competition and
  - a. The cutting authority was issued prior to June 1, 2010, and
  - b. The stumpage payable is cruise based,

The bonus bid shall be prorated by the person who determines the stumpage rate using Tables 4-6 or 4-7 of this manual as per section 4.6.

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